United Nations A/AC.109/2106

General Assembly

Distr.: General
1 June 1998

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Anguilla

Working paper prepared by the Secretariat

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I. General

1. Anguilla[1] lies 240 kilometres east of Puerto Rico, 113 kilometres north-west of Saint Kitts and Nevis and 8 kilometres north of St. Maarten/Saint-Martin. The Territory has a total land mass of 96 square kilometres and includes several offshore islets. The main island has a maximum length of 26 kilometres and a maximum width of 5 kilometres. The capital of Anguilla is The Valley.

2. According to the latest statistical estimate, the population of Anguilla in 1997 was 10,424.[2]

II. Constitutional and political developments

A. Constitution

3. An outline of the Anguilla (Constitution) Order, 1982, is given in the report of the United Nations Visiting Mission to Anguilla, 1984 (A/AC.109/799, paras. 19-27) and a previous working paper on the Territory prepared by the Secretariat (A/AC.109/1181, paras. 5 and 6). A detailed account of the main points and questions raised in the report of the Constitution Review Committee appointed by the Governor is contained in the 1989 working paper on Anguilla (see A/AC.109/975, paras. 15 and 16; see also A/AC.109/975/Add.1, annex).

4. In brief, the Anguilla (Constitution) Order 1982 accords Anguilla the status of a British dependent Territory. The British monarch is represented by a Governor who presides over the Executive Council and is responsible for defence, external affairs, internal security, public services and offshore finance. The Executive Council consists of the Governor, the Chief Minister and more than three other ministers appointed by the Governor from elected members of the House of the Assembly and two ex officio members (the Attorney-General and the Deputy Governor). The House of Assembly is elected for five years and consists of seven elected members, two ex officio members and two members nominated by the Governor, one of whom is appointed after consultation with the Chief Minister and the leader of the opposition. The judicial system is administered by the Magistrate's Court, the High Court and the Court of Appeal of the Eastern Caribbean Supreme Court of Justice, with a final right of appeal to the Privy Council in the United Kingdom of Great Britain and Northern Ireland.

B. Political parties and elections

5. The general elections in March 1994 resulted in the formation of a coalition Government headed by the Anguilla United Party and the Anguilla Democratic Party. Other political parties are the Anguilla National Alliance and the Anguillans for Good Government. Further information on political parties and elections is contained in a previous working paper prepared by the Secretariat (A/AC.109/2016, para. 5). The next national election is due by March 1999.

C. Civil service

6. Information on the composition of the Anguillan public service is contained in a previous working paper prepared by the Secretariat (A/AC.109/1181, para. 13).

7. According to *National Accounts Statistics, 1995*, of Anguilla, the expenditure of the central government constituted 21.9 per cent of Anguilla's gross domestic product (GDP), with personal emoluments, pensions and gratuities of civil servants being the largest component (approximately 13.4 per cent of GDP).[3]

III. Economic conditions

A. General

8. The Government's medium-term economic strategy paper (1996-1998) identified the following priorities: (a) expansion of the tourism sector, economic growth and the generation of employment; (b) economic diversification into new sectors, especially the offshore financial services sector; and (c) sustainable management of the physical environment. Tourism development and economic diversification are considered top priorities, and efforts to develop the offshore financial sector are under way. To that end, company and trust laws have been updated, and the immigration laws have been reviewed to facilitate the entry of trained professionals and technical personnel, of which there is a shortage in the Territory.[4]

9. In 1997 the economy of Anguilla continued to expand with an estimated growth rate of 6.5 per cent, fuelled by tourism and construction activities which are expected to help maintain a brisk rate of growth again in 1998.[5] This demonstrated steady economic recovery followed a 3.5 per cent expansion in 1996, which was preceded by a 4.15 per cent contraction in 1995, attributable to the devastation caused to the island by Hurricane Luis, which struck

Anguilla in September 1995. The real GDP was 142.3 million Eastern Caribbean dollars (EC$) in 1995,[6] down from EC$ 148.8 million in 1994.[7]

10. Significant increases in activity were seen in sectors involved in tourism, reconstruction and rehabilitation after the hurricane.

11. The growth in economic activity has returned employment to pre-hurricane levels, and inflation was recorded at 3.59 per cent during 1996 and 2.2 per cent in 1997.[8]

B. Public finance

12. In 1997, a budgetary surplus of EC$ 1.4 million was projected. Anguilla's external public debt totalled US$ 8.5 million in 1995 (of which 72 per cent was owed to the Caribbean Development Bank).

13. Despite a 4.4 per cent rate of growth in recurrent expenditure as compared with the 1.1 per cent rise in revenues, the Government maintained a current account surplus of EC$ 1.74 million when compared with the corresponding period in 1996, thus exceeding the EC$ 1.4 million projected. Capital expenditure was financed largely by external grants. Merchandise imports expanded by 12.5 per cent and resulted in a sharp increase in the trade balance and external account deficits, the latter increasing to about 28 per cent of GDP. There was a marginal decline in the external debt owed to two multilateral institutions, the Caribbean Development Bank and the European Investment Bank.[9]

14. The central government budget operations recorded that recurrent revenue increased to EC$ 55.16 million in 1997, compared with EC$ 46.91 million in 1996. Major revenue areas – import duties, accommodation tax and embarkation tax – grew by 16.5, 65.1 and 15.2 per cent, respectively.[10]

15. Actual expenditure between January and November 1997 was US$ 46.3 million. This represents a 14.4 per cent increase over the US$ 40.4 million recorded for the same period in 1996. Recurrent expenditure in 1997 rose by 16 per cent to EC$ 52.95 million from EC$ 45.65 million in 1996. Expenditure on personal emoluments amounted to EC$ 21.90 million in 1996, an increase of 6.5 per cent from EC$ 20.57 million in 1995.[11]

16. Disbursed outstanding external debt, standing at EC$ 8.48 million, declined by 0.02 per cent in 1996.

C. Agriculture, livestock and fisheries

17. General information on the Territory's agriculture is contained in previous working papers prepared by the Secretariat (A/AC.109/2016, paras. 14 and 15, and A/AC.109/2045, paras. 14 and 16).

18. Agricultural sector output declined from EC$ 6.5 million in 1995 to EC$ 5.8 million in 1996. Hurricane damage to the livestock and crop subsectors during the last quarter of 1995 contributed to reduced output in the industry.

19. Recent agricultural initiatives have included the expansion of the drip irrigation system, promotion of commercial fruit production, horticultural development and backyard gardening. Other activities have centred around the commercial development of poultry farming, rabbit production and bee-keeping. New techniques in livestock production and fodder conservation are being developed.[12] Also, with a view to protecting the environment from overgrazing by livestock, the Anguilla Farmers Association has signed a Memorandum of Agreement with the United Nations Development Programme (UNDP) to fund an 18-month project.

20. The Department of Fisheries and Marine Resources, in partnership with the Planning Department and the Anguilla National Trust, has launched a Sand Dune Rehabilitation Pilot Project in an effort to help rehabilitate the dunes and raise public awareness of the importance of these natural features. This project is being funded by the United States Agency for International Development (USAID) through the United Nations Environment Programme (UNEP) and is being administered by the Organization of Eastern Caribbean States.[13]

21. In the fishing subsector, the Government is targeting offshore pelagic resources, an area not presently being exploited. The establishment of marine parks for the protection of coral reefs and sea-grass beds is an integral part of the fisheries programme. Reduced demand during 1995 from St. Maarten, a major export destination, also had an impact on the fisheries subsector.[14]

D. Industrial development

22. In the post-Hurricane Luis period Anguilla has not only reconstructed and rehabilitated its industries but has also enhanced its position as an attractive territory for foreign industrial investment. In 1997, discussions were initiated with the United States company Beal Aerospace Inc. concerning the construction of satellite launch pads on

the Sombrero Islands, 30 miles north-west of Anguilla. The company plans to launch rockets with commercial satellites. An environmental impact assessment of the proposed launch site is to be conducted.

23. The Government of Anguilla has signed a five-year, $6 million contract with an American company, Ionics Inc., to supply the island with fresh drinking water. Ionics will build, own and operate a reverse-osmosis desalinization facility that will produce 600,000 gallons of fresh water daily from sea water, providing a completely reliable long-term source of drinking water.[15]

24. The mining and quarrying sector, which supplies crucial inputs to the construction sector, grew by 15.1 per cent in 1995.[16] Further information on industrial development is contained in a previous working paper prepared by the Secretariat (A/AC.109/2016, paras. 19 and 20).

E. Transport, communications and other basic facilities

25. Information on transport, communications and other basic facilities is contained in a previous working paper prepared by the Secretariat (A/AC.109/2016, paras. 21 and 22). Activity in the transport sector declined by 8.9 per cent, falling from EC$ 9.3 million in 1994 to EC$ 8.5 million in 1995. Output in this sector is closely linked to activity in the hotel and restaurant sector and was consequently affected by the decline in that area during 1995.

26. Electricity and water production declined in 1995 by 9.2 per cent in comparison with 1994. The electricity subsector was severely affected by Hurricane Luis, with damage to poles, lines, transformers and other equipment. In February 1998 the Government of Anguilla bought its partner's shareholding in the Anguilla Electricity Company, making the Government the 100 per cent owner.

27. In March 1997, the Minister for Communications and Works stated in a radio broadcast that the Government would explore all possible sources of funding to ensure that roads would be maintained at a high standard.[17]

F. Construction

28. Large-scale tourism construction projects are in progress or due to begin, and new investment projects are expected to stimulate tourist arrivals. The Government's budget operations address pointed out that construction activity during the second quarter of 1997 showed an increase over the same period in 1996, and that this activity was generated in both the private and public sectors. Public sector construction focused on the development of infrastructure while private sector activity was associated in part with significant residential construction.

29. New developments include the US$ 75 million Cuisinart hotel, now under construction; a 50-slip marina, at the planning application stage; a £2 million school; a £1.7 million road improvement programme; and a EC$ 4 million building for the National Bank of Anguilla. Other construction projects include a "private island" project on Prickly Pear Cay being considered by Royal Caribbean Sunrise Lines, which will have a twofold benefit for Anguilla in that all facilities will be owned by Anguillans and employment opportunities are anticipated.[18]

30. Output in the construction sector increased by 6 per cent, rising from EC$ 18 million in 1994 to EC$ 19.1 million in 1995. The growth was largely the result of the rehabilitation and reconstruction efforts after Hurricane Luis. By the end of 1997, 218 building permits had been issued, representing an increase of 24.6 per cent over 1996.

31. The United Kingdom Department of International Development has funded a new Land Information System Project to computerize land registration in Anguilla, to be installed by June 1998. The project is one of the information technology initiatives implemented in support of Anguilla's Country Policy Plan.[19]

G. Banking and insurance

32. According to press publications, Anguilla has become a viable offshore domicile and a well-regulated financial centre for investors. A package of financial legislation has been enacted, including modern company and trust law. Partnership and insurance laws have been introduced as well. The legislative infrastructure has been strengthened by provisions for the regulation of the industry through the supervision of company and trust managers and the control of banking activities.

33. Liquidity in the commercial banking system contracted in the second quarter of 1997, with the loan-to-deposit ratio rising from 65 per cent at the beginning of the quarter to 68 per cent. However, there was an increase in domestic credit by 1.4 per cent, in contrast to a 5.9 per cent decline in the corresponding quarter of 1996, indicative of a 7.3 per cent growth rate.

34. The Government of Anguilla has ended its long-term relationship with Barclays Bank PLC on its consolidated fund and has selected the National Bank of Anguilla in its place for an initial two-year arrangement. That Bank began its operations for the Government in January 1998. Also, the Anguilla Development Board is considered as having always functioned primarily as a bank and has therefore been renamed the Anguilla Development Bank.[20]

H. Environment

35. Information on the environment is contained in a previous working paper prepared by the Secretariat (A/AC.109/2045, paras. 23 and 24). Environmental concerns are given very serious consideration in evaluating proposals for investments in Anguilla.

I. International business

36. Anguilla is a zero-tax jurisdiction promoted for offshore banking and, as a British dependent Territory, politically stable. The territorial Government has developed a comprehensive package of corporation and offshore financial business legislation including the Companies Ordinance, the Limited Liability Companies Ordinance and the International Business Companies Ordinance. Costs for the formation and licensing of companies in Anguilla are competitive, as are company management fees. Among the incentives that apply to the establishment of offshore banks and trusts are that there are no exchange controls or restrictions on transfers of security, earnings may be retained offshore and repatriated freely and interest may be paid without tax deductions.

37. During 1997, in line with its goal of positioning Anguilla as a major player in the world of offshore finance, the Government awarded a contract for computerization of its company registry. Development of the system is well under way, and is expected to be on line by the end of the first quarter in 1998. One of the features of the state-of-the art system will enable instant incorporation over the Internet from anywhere in the world, 24 hours a day, year-round. The system enhances the marketability of the financial services industry and positions Anguilla as the most technologically advanced company formation jurisdiction in the world.[21] Further information on international business is contained in a previous working paper prepared by the Secretariat (A/AC.109/2045, paras. 25 and 26).

J. Tourism

38. The Government of Anguilla has increased its efforts to promote tourism and to diversify Anguilla's tourism product, which is proving a worthwhile investment. The Tourist Board has taken over administrative and financial responsibility for the tourism sector, contributing significantly to Anguilla's marketing efforts through increased mobilization of resources to finance promotional activities, and the implementation of a tourism strategic marketing plan developed under the European Union-financed Caribbean Tourism Development Programme, as well as a United Kingdom-funded Tourism Promotion and Development Project.[22]

39. After experiencing a 19.5 per cent decline in visitor arrivals in 1996, Anguilla saw a total of 113,865 visitors to the island in 1997, which represents a 32 per cent increase over the 86,329 visitors in 1996. Tourist arrivals totalled 43,181 in 1997, a 15.1 per cent increase over the 37,498 in 1996, the most significant increase being in the winter months, which showed a 25.7 per cent increase over the same period in 1996. Excursion visitors totalled 70,684 in 1997, representing a 45 per cent increase over the 1996 figure of 48,741.[23] This tourism-oriented economy performed well in 1997, and prospects are positive for the 1998/99 season.[24]

40. Visitors from the United States of America continued to dominate Anguilla's tourist market during 1997, accounting for 61.7 per cent (an increase of 6.1 per cent) of tourist arrivals. Although arrivals from the Caribbean fell by 10.9 per cent, the region still maintains its position as the second most important source market, with 19.7 per cent of the overall total. Arrivals from Canada rose once again, to 18.6 per cent, up 5 per cent from 1996, and arrivals from the United Kingdom doubled in 1997, accounting for 12.9 per cent.[25] The establishment of a public relations and marketing office in Italy in May 1996 has been given partial credit for the 46.3 per cent increase in visitors from Europe.[26]

41. During 1996, the Government of Anguilla signed an agreement with Aruba under which that Territory would prepare plans for the construction of a new $40 million airport at Brimogen on the north coast, including financing through the Aruba Investment Bank. Plans are, however, under way to lengthen the 3,600-foot runway at Wallbalke airport to 6,000 feet, and work is expected to commence in 1998. The project will be funded privately at an estimated cost of $25 million.[27]

42. The agreement signed in 1996 between Canadian Trac Industries, Inc., and the Government of Anguilla to develop

the Hotel de Health Caribbean has been realized, and the medical facility, which puts to use Anguilla's therapeutic atmosphere and accommodates visitors with special medical needs, is now operational and serving both visitors and locals, using state-of-the-art technology. A hotel nearing completion is the Cuisinart Resort and Spa on Rendezvous Bay, which is expected to open in the autumn of 1998 with 90 rooms. This hotel has been in the planning and construction stages for the past three years.

K. Country Policy Plan

43. A summary of the Country Policy Plan and related developments is contained in previous working papers prepared by the Secretariat (A/AC.109/1181, paras. 67-74; A/AC.109/2016, para. 38; and A/AC.109/2045, para. 30).

IV. Social conditions

A. General

44. Based on its social indicators, Anguilla compares favourably with countries of the region within the human development index. The child mortality rate is low, life expectancy is 75 years, adult literacy is 95 per cent and unemployment is negligible. Approximately 25 per cent of the 4,000 indigenous workers are employed in tourism, 16 per cent in the civil service and 10 per cent in part-time agriculture and 5 per cent are on income support. The remaining 44 per cent are engaged in private sector activities, including micro-enterprises.

45. Further information about the social conditions in the Territory is contained in a previous working paper prepared by the Secretariat (A/AC.109/2016, paras. 39-43).

B. Public education

46. Education is free and compulsory between the ages of 5 and 14. There are six government primary schools and one government secondary school, the Albena Lake-Hodge Comprehensive. As part of the Government's policy to enable Anguilla to meet both its present and future needs, the problem of overcrowding is being addressed by the construction of another campus, as well as the implementation of curriculum reforms. Further information about public education in the Territory is contained in a previous working paper prepared by the Secretariat (A/AC.109/2016, paras. 44 and 45).

V. Participation in international organizations/arrangements

47. An overview of development assistance provided to the Territory by organizations of the United Nations system, mainly by UNDP, is contained in a previous working paper on Anguilla prepared by the Secretariat (A/AC.109/2016/Add.1).

48. The Government of Anguilla cooperates directly with other Caribbean Governments and participates in regional conferences and projects organized by Governments and regional and international organizations and agencies. The Territory is a member of the Caribbean Development Bank, the University of the West Indies and the Eastern Caribbean Central Bank, and holds observer status in the Organization of Eastern Caribbean States. The Territory is represented at the annual meetings of the Caribbean Group for Cooperation in Economic Development, sponsored by the World Bank.

VI. Future status of the Territory

49. Regarding the position of the administering Power, on 4 February 1998, the Secretary for Foreign and Commonwealth Affairs of the United Kingdom, Mr. Robin Cook, in a speech before the Dependent Territories Association in London, announced that in his first months as Foreign Secretary, he had set in hand a review of the United Kingdom's stewardship of the Dependent Territories. A summary of the principles and key issues contained in the proposal "to modernize" the United Kingdom's relations with the Territories is contained in document A/AC.109/2102. For statements during the fifty-second session of the General Assembly, see A/C.4/52/SR.6, paragraphs 79-85.

50. On 10 December 1997, the General Assembly adopted resolution 52/77 B, a consolidated resolution on 12 Non-Self-Governing Territories, section II of which is specifically devoted to Anguilla.

Notes

[1] The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations on 10 September 1996 and April 1997. The facts and figures presented in the working paper are the latest information available.

[2] 1998 Caribbean Basin Profile, Anguilla, p. 1.

[3] Government of Anguilla, National Accounts Statistics, 1995, p. 17, table 17.

[4] First Country Cooperation Framework for Anguilla, UNDP (DP/CCF/ANL/1).

[5] 1998 Economist Intelligence Country Report.

[6] The currency of the Territory is the East Caribbean dollar (EC$). One United States dollar (US$ 1.00) is equivalent to EC$ 2.70.

[7] Government of Anguilla, National Accounts Statistics, 1995, p. II.

[8] EIU Country Report, 1st quarter 1998.

[9] 1998 Caribbean Basin Profile, Anguilla, p. 2.

[10] Government of Anguilla, Statistical Bulletin 1997.

[11] Government of Anguilla estimates of recurrent revenue, expenditure and capital budget 1998.

[12] 1998 Caribbean Basin Profile, Anguilla, p. 2.

[13] *Light* newspaper, No. 240, p. 1.

[14] 1998 Caribbean Basin Profile, Anguilla, p. 2; Government of Anguilla National Accounts Statistics, 1995, p. III.

[15] *The Boston Globe*, 22 April 1998.

[16] 1997 Basin Profile, p. 2; Government of Anguilla National Accounts Statistics, p. III.

[17] Caribbean Week, 1-14 March 1997.

[18] 1998 Economist Intelligence Anguilla Country Report.

[19] *Light* newspaper, No. 239.

[20] Government of Anguilla estimates of recurrent revenue, expenditure and capital budget 1998.

[21] 1998 Caribbean Basin Profile, Anguilla, p. 2.

[22] 1998 Caribbean Basin Profile, Anguilla, p. 3.

[23] Government of Anguilla Statistical Review of Tourism 1997.

[24] 1st Quarter 1998 Economist Intelligence Report.

[25] Government of Anguilla Statistical Review of Tourism 1997.

[26] Government of Anguilla estimates of recurrent revenue, expenditure and capital budget 1998.

[27] EIU Country Profile 1997-98.